AR79

E-L FINANCIAL CORPORATION LIMITED

1975 Annual Report

E-L FINANCIAL CORPORATION LIMITED

Contents

	Page
The Year at a Glance	1
Directors and Officers	2
Report to the Shareholders	3
Summary of General Insurance Operations	6
Summary of Life Insurance Operations	7
Consolidated Financial Statements	8
Six Year Summary of Results	13
List of Officers and Branches	16

The Year at a Glance

8th Annual Report

	1975	1974
Net Premium Income		
General Insurance	$ 58,320,000	$ 47,191,000
Life Insurance	29,994,000	29,296,000
Total Net Premiums	88,314,000	76,487,000
Total Revenues	105,793,000	92,117,000
Statutory Operating Earnings (Loss)	2,707,000	(676,000)
Statutory Earnings Including Capital Gains	2,990,000	2,118,000
Total Assets	282,000,000	257,732,000
Capital, Surplus & Investment Reserves	39,741,000	37,155,000
Life Insurance in Force		
Individual Lives	1,196,607,000	1,073,895,000
Group Insurance	997,387,000	888,373,000
Total Life Insurance in Force	2,193,994,000	1,962,268,000
Statutory Earnings per Share		
Operating Earnings (Loss)	.81	(.20)
Earnings Including Capital gains	.89	.63

NOTE- Per share earnings figures assume full conversion of the Company's convertible preferred stock.
Volume figures for New Life Insurance effected and Insurance in Force are expressed net of reinsurance ceded.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at 12:00 noon Toronto time on Thursday, May 6, 1976 at the Company's head office, 165 University Avenue, Toronto. All shareholders are invited to attend.

Board of Directors

HONOURABLE LOUIS P. BEAUBIEN
Member of the Canadian Senate

COLIN E. BENNETT, Q.C.
President, Victoria and Grey Trust Company

E. KENDALL CORK
Vice President and Treasurer, Noranda Mines

JAMES V. EMORY
President, United Corporations Ltd.

PETER S. GOODERHAM
Executive Vice-President, Wills, Bickle & Co. Ltd.

WILLIAM B. HARRIS
Chairman of the Board, Mercantile and General Reinsurance Group

KENNETH G. HUTCHISON
President, The Dominion of Canada General Insurance Company

HENRY N.R. JACKMAN
Chairman of the Board, The Empire Life Insurance Company

HENRY R. JACKMAN, O.C., K.St.J., Q.C.
President, Dominion and Anglo Investment Corporation Limited

W. LEO KNOWLTON, Q.C.
Director, Canada Permanent Trust Company

HENRY E. LANGFORD, Q.C.
former Chairman, Ontario Securities Commission

ROBERT M. MacINTOSH
Executive Vice-President, Bank of Nova Scotia

BRIAN R.B. MAGEE
Chairman of the Board, A.E. LePage Limited

RT. HONOURABLE D. ROLAND MICHENER, C.C., C.M.M., C.D., P.C., Q.C., LL.D., D.C.L.
former Governor General of Canada

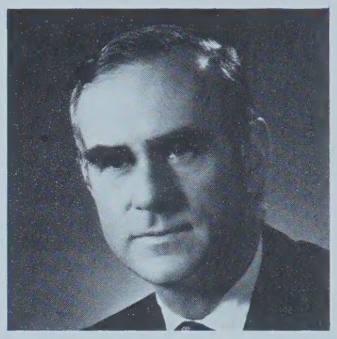
J. STUART M. WASON, F.F.A., F.C.I.A., A.S.A.
President, The Empire Life Insurance Company

Officers

HENRY N.R. JACKMAN	PRESIDENT
KENNETH G. HUTCHISON	VICE-PRESIDENT
J. STUART M. WASON	VICE-PRESIDENT
DONALD J. MIANO	VICE-PRESIDENT
J. ALEXANDER LANGFORD, Q.C.	SECRETARY
L.R. ROONEY	TREASURER

Remarks of the President

MR. HENRY N.R. JACKMAN



In 1975, E–L Financial Corporation experienced a return to profitability.

Net statutory operating profit for 1975 totalled $2,707,000 or 81 cents per share compared with a loss on operations of $676,000 or 20 cents per share during 1974.

GENERAL INSURANCE

The Dominion of Canada General, your company's general insurance subsidiary failed to show an underwriting profit during 1975 although our loss was substantially less than the previous year. The total cost of claims was 74.3% of earned premiums compared with 83.7% in 1974. This ratio is still well above the break even point and our total underwriting loss for the year was $3,291,000 compared with the disastrous $7,024,000 experienced in 1974.

Higher investment income on our capital and reserves offset the underwriting loss so that we recorded a nominal general insurance profit of $589,000 for the year against a loss of $2,911,000 in the year previous.

The general insurance industry is still beset with problems, not the least of which is our industry's inability to generate the earnings required by statute to support the phenomenal growth in premiums that are a by-product of an inflationary age. If underwriting profits are not forthcoming, the capacity of our industry to continue to provide a service to the public will be seriously curtailed.

The insurance industry, particulary the automobile lines on which your company is highly dependent, has always been vulnerable to political pressure and it is perhaps not surprising that the government's new Anti Inflation Board should wish to monitor rate increases with greater scrutiny than they examine the prices of other consumer products. The fact remains however, that Canadian property and casualty companies in the past fourteen years have been the least profitable of all financial intermediaries with total after tax return (including investment income) averaging less than 7% on shareholders equity.

Although the severity and extent of rate control by the A.I.B. is far from clear, it is hoped that given modest rate increases Dominion of Canada should show a further improvement on its underwriting account during 1976.

LIFE INSURANCE

Our life insurance operations continued to operate satisfactorily during 1975, with statutory shareholders profit of $2,104,000 being only slightly less than the record profit of 1973.

Life insurance sales were again at record levels with sales on individual lives amounting to $199 million, being a very satisfactory increase of 24% over the previous year. As of December 31, 1975, insurance in force totalled approximately $2.2 billion, of which $1.2 billion was on individual lives and $1 billion was group insurance.

VICTORIA AND GREY TRUST COMPANY

During the past year your company increased its position in Victoria and Grey Trust Company to approximately 22% of the outstanding shares. Victoria and Grey experienced record earnings during 1975 and is now the fourth largest trust company in Canada, and by far the largest operating in Ontario. Earnings of Victoria and Grey have been taken into the income of E–L Financial Corporation only to the extent of dividends received.

INFLATION

In previous annual reports I have commented on the adverse affect that inflation has on our society as a whole and the insurance industry in particular. In our property and casualty lines, repair costs and personal injury claims have risen much faster than our ability to raise premiums. In our life insurance lines, the greatest part of our income is renewal premium on policies sold many years ago at rates which have no built-in escalation factor to take into account increased expenses.

As has been repeated so many times before, inflation is caused by governments who are operating at substantial deficits and who wish to finance these deficits by allowing the money supply to expand more rapidly than the increase in the country's real wealth. In short, inflation is caused by government–and not by the private sector or the free market economy.

According to the federal government's own statistics, wage settlements in the private sector were rising at an annual rate of 13% immediately prior to the imposition of controls. Wage settlements in the "non commercial sector" (i.e. the public service) were rising at rates of 21% to 23% during the comparable period. Similarly no evidence has been produced by the government to show that corporate profits have been excessive. One can therefore seriously question the appropriateness of a system of controls designed to impede the market economy in the absence of a willingness by government to impose a comparable discipline on itself.

Contrary perhaps to popular opinion, wage and price controls are introduced by governments who have no real determination to stop inflation. Although this statement may seem paradoxical, governments have historically introduced price and wage controls if they wish to follow an inflationary fiscal and monetary policy while at the same time giving the public the impression that they are doing something about the rising cost of living. As Prime Minister Trudeau himself has said "There is no known example in two thousand years of history of any single example of wage and price controls being successful." Controls are only introduced by governments because they wish to postpone the effects of inflationary policies as much as they can. It is of course possible to hold wages and some prices down temporarily – but sooner or later as the amount of money in the system increases beyond the production of real wealth, discrepancies between official fixed prices and the market prices that would otherwise prevail, become larger and it becomes more difficult to maintain controls without seriously distorting the market place, penalizing productivity, causing shortages, and generally misallocating both human and material resources.

The government of Canada has set as a target, a rate of inflation of 4% by 1978. At the same time the Bank of Canada has indicated that growth in the narrowly defined money supply of 14% in the current year might be satisfactory while the federal government is hoping to limit its expenditures to a growth of 16%.

Such targets, even assuming they can be met, carry with them a built-in inflationary factor which makes a mockery of the whole A.I.B. program.

After six months of operation, it is very difficult to point out any positive accomplishment of the controls program. A.I.B. approvals of wage settlements have been consistently above the guidelines. Profit and price guidelines have still not been properly formulated and such profit guidelines as do exist are completely incomprehensible to the businessman.

If the government was really serious about inflation, it could be argued that controls might possibly dampen inflationary expectations while the appropriate government measures were put into place. However, in the absence of any real determination to adopt the appropriate fiscal and monetary policies, the whole cumbersome apparatus of the A.I.B. should be dismantled as being counter productive to our society – and one might add the sooner the better.

BOARD OF DIRECTORS

During the year we were saddened by the passing of Mr. H. Norman Hanly, one of our directors who for many years was President of The Dominion of Canada General Insurance Company and whose distinguished career with that company and with E–L Financial Corporation covered a period of fifty-two years. His advice will be sorely missed.

We are glad to welcome to our Board of Directors, Mr. Colin E. Bennett, Q.C., President of Victoria and Grey Trust Company and Mr. William B. Harris, Chairman of the Board of the Mercantile and General Reinsurance Group.

On behalf of the Board of Directors, I would like to thank our agents and employees for their continued co-operation and loyal support. To each and every one I extend our sincere appreciation.

Report on General Insurance Operations

Mr. Kenneth G. Hutchison

The effect of corrective measures introduced in the latter part of 1974 and accelerated during 1975, were only partly manifest in the results for the year because of the inevitable time-lag in earning premium increases. The industry will likely record an underwriting loss of some $125 million, less than half the 1974 figure. Our Company followed this pattern with an underwriting loss of $3.3 million, investment income of $3.9 million and a net operating profit of $588,000.

Earned premiums over all lines increased by 17.8% to $53 million of which two thirds or $35.8 million derives from automobile insurance. The combined effect of three upward rate adjustments in 1975 was largely responsible for 27.8% growth in our net written automobile premiums while earned premiums rose 19.1%, again demonstrating the delayed earnings. This major line accounted for 87% or $2.8 million of our underwriting shortfall.

The recent introduction of compulsory automobile insurance in New Brunswick, Newfoundland and Prince Edward Island and possibly, later this year, in Quebec, will generate further capacity pressure upon an industry already financially squeezed between the pincers of rapid growth and shrunken asset values. The obvious answer, retrenchment, simply aggravates the problem and invites intervention by Government. The delicate balance between market demand and growth capacity has been carefully assessed in establishing our 1976 Company objectives in the automobile class. The situation will be closely monitored as the year progresses and volume brakes, already in operation, may have to be tightened.

The balance of our writings, casualty and fire insurance, increased by 14.2% to $16.7 million. The casualty lines produced a nominal, $64,000, profit but in the fire class, claims and expenses exceeded earned premiums by 6%, generating an underwriting loss of $492,000. In fire, as in automobile, the effect of an aggressive program to strengthen rates and increase sums insured has not been fully felt, partly because a significant portion of this business, formerly written on three year policies, is only now surfacing for renewal.

Analysis of claims in the automobile class discloses no increase in frequency, however, an estimated 15.6% increase in car repair costs and a continued inflationary trend in both court awards and claimant demands for bodily injury damages have forced a 23% hike in the average claim reserve. There may be some relief in sight, possibly through a reluctant acceptance by the public of some restraint, in line with inflation curbs, but more importantly through reduced speed and seat belt legislation which will certainly help although from U.S.A. experience, it will take some time for this benefit to be reflected in claims reduction.

Fire and windstorm losses were unusually heavy in 1975. To counter a marked increase in arson and crime related claims, the activities of the industry sponsored Insurance Crime Prevention Bureau have been stepped up and with current Federal "peace and security" legislation, should help to control this problem.

The recent cycle of adversity, from which our business is struggling to recover, creates an abnormal comparison base for assessment, by the Anti-Inflation Board, of our future profit performance. We will be making strong representations to Ottawa on our dire need for restoration of a reasonable profit level through further rate strengthening and trust that, with support from the Federal Department of Insurance, we may persuade the Anti-Inflation Board to recognize the merit of our case.

By way of forecast, our minimum objective for 1976 is the elimination of underwriting loss and assuming we are not confronted with unreasonable restriction in our normal rating practices, that objective should be achieved.

With gratifying support from our agents and a commendable effort from all our staff, we have come a long way down the road to recovery. With my sincere thanks goes a profound hope that in 1976 we will complete that journey.

Report on Life Insurance Operations

Mr. J. Stuart M. Wason, F.F.A., F.C.I.A., A.S.A.

In 1975 the life insurance operations of The Dominion of Canada General Insurance Company and Empire Life continued the pattern of satisfactory development shown in recent years.

Substantial gains were made in the sale of individual life insurance products and the volume of new business written in this category rose to $199 million compared with $161 million a year earlier. This increase was largely attributable to the sale of traditional insurance plans and reflects the effectiveness of our field organization. Demand for group sickness and accident insurance remained high but total group production did not come up to expectations. The volume of new business for individual and group insurance combined amounted to $291 million.

During the year single premium annuity sales were purposely restricted in order to limit the strain on surplus which occurs with this class of business. Interest in registered retirement savings as a vehicle for tax deferment remained strong although the attention of the public continued to be directed away from the long term guarantees provided by life insurance and deferred annuities towards the high-yielding short term investments of other financial institutions.

It is gratifying to note that fewer policies were terminated in 1975 than in the previous year. The persistency of our business continues to be excellent and our mortality experience was again within normal limits. As a result of these various influences total business in force net of reinsurance ceded approached $2,194 million at year-end.

Life insurance premium income from the two companies increased to a figure of slightly less than $30 million whilst investment and other income amounted to $13 million. Total revenue was $43 million compared with $41 million a year earlier. During the year $27 million was paid or credited to insured persons or their beneficiaries.

During the summer months, the administrative and executive offices of the Life Insurance Section of The Dominion of Canada General Insurance Company were moved to Kingston. During the previous twelve months a team of specialists drawn from both companies had worked intensively to make the conversion of The Dominion of Canada operation to The Empire Life computer system possible. It is expected that the economies emerging from the sharing of technical services and professional staff will assist greatly in delaying future increases in operating expenses.

We are continuing to direct attention towards improving the service given to policyowners and towards the enhancement of procedures for handling consumer complaints. During the year we appointed a consumer relations manager and product information material will be made available to all policyowners in the coming year.

In Empire Life new policyowners again showed a preference for policies which participate in surplus earnings and, as reported last year, the high initial costs of putting this business on the books is borne by the policyowners' fund. It is expected that in times of restraint preference for the full guarantees of non-participating policies may return, in which case there would be a decrease in shareholders' profits in the short term.

1975 net operating profit, after allowing for income taxes and dividends to policyowners, amounted to $2,104,000. Total funds at year-end exceeded $197 million and the net rate of interest earned increased to 7.41%.

To all our field and administrative personnel I extend sincere appreciation for their contributions towards our development and for their continued and loyal support.

Consolidated Balance Sheet as at December 31, 1975

(with comparative figures at December 31, 1974)

ASSETS	1975	1974
Short term investments	$ 5,702,000	$ 5,440,000
Bonds and debentures	85,719,000	69,216,000
Preferred stock	14,751,000	15,084,000
Common Stock	46,545,000	43,090,000
First mortgages on real estate	86,564,000	87,070,000
Real estate (less depreciation)	5,916,000	5,953,000
Loans on policies	12,120,000	11,412,000
Premiums in the course of collection	11,290,000	9,334,000
Investment income due and accrued	2,874,000	2,499,000
Segregated investment funds	9,844,000	7,560,000
Income taxes recoverable	429,000	730,000
Due from reinsurers and others	59,000	21,000
Other assets	187,000	323,000
	$282,000,000	$257,732,000

Auditors' Report

TO THE SHARHEOLDERS OF E—L FINANCIAL CORPORATION LIMITED

We have examined the consolidated balance sheet of E—L Financial Corporation Limited and subsidiary companies as at December 31, 1975 and the consolidated statements of income and shareholders' equity in surplus for the year then ended. Our examination of the financial statements of E—L Financial Corporation Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries. The policy reserves and certain other liabilities to policyholders were determined and certified by the subsidiary companies' actuaries.

In our opinion, based on our examination and the certificates of the subsidiary companies' actuaries, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations for the year then ended, in accordance with accounting principles as set out in note 1 applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 6, 1976

THORNE RIDDELL & CO.
Chartered Accountants

LIABILITIES

	1975	1974
Policy reserves	$151,415,000	$141,476,000
Unearned premiums	24,793,000	19,810,000
Provision for unpaid and unreported claims	36,417,000	30,407,000
Staff pension fund	7,222,000	6,339,000
Amounts left with company at interest	5,043,000	4,514,000
Outstanding cheques and bank advances	490,000	3,361,000
Premium and other taxes payable	1,041,000	523,000
Due to reinsurers and others	1,875,000	2,013,000
Amounts received, not yet allocated	845,000	591,000
Segregated investment funds (note 3)	9,844,000	7,560,000
Provision for profits to policyholders	2,980,000	3,018,000
Dividends payable	75,000	75,000
Participating policyholders' equity in surplus	(446,000)	108,000
	241,594,000	219,795,000
Minority interest	665,000	782,000

SHAREHOLDERS' EQUITY

Capital stock, fully paid (note 4)	1,773,000	1,773,000
Contributed surplus arising from issue of shares at a premium	41,000	41,000
General reserve for investments and contingencies	14,000,000	14,000,000
Surplus	23,927,000	21,341,000
	39,741,000	37,155,000
	$282,000,000	$257,732,000

Approved by the Board

Director, Henry N.R. Jackman

Director, Peter S. Gooderham

Consolidated Statement of Income

YEAR ENDED DECEMBER 31, 1975
(with comparative figures for 1974)

	1975	1974
Premium income	$ 88,314,000	$ 76,487,000
Investment and other income	17,479,000	15,630,000
	105,793,000	92,117,000
Deduct		
Claims incurred	45,807,000	43,801,000
Other benefits to policyholders	9,761,000	10,649,000
Increase in policy reserves and unearned premiums	14,922,000	11,619,000
Agents' commissions	12,235,000	10,316,000
Operating expenses	15,185,000	13,133,000
Premiums transferred to segregated fund	1,218,000	1,816,000
	99,128,000	91,334,000
Operating income before undernoted items	6,665,000	783,000
Income taxes	1,315,000	223,000
Premium taxes	1,942,000	1,616,000
	3,257,000	1,839,000
	3,408,000	(1,056,000)
Policyholders' and minority shareholders' portion of income (loss)	701,000	(380,000)
Net operating income (loss)	2,707,000	(676,000)
Profit on sale of securities (note 6)	283,000	2,794,000
NET INCOME	$ 2,990,000	$ 2,118,000
EARNINGS PER COMMON SHARE based on full conversion of preference shares		
Net operating income (loss)	$.81	$ (.20)
Profit on sale of securities	.08	.83
Net income	$.89	$.63

Consolidated Statement of Shareholders' Equity in Surplus

YEAR ENDED DECEMBER 31, 1975
(with comparative figures for 1974)

	1975	1974
Shareholders' equity in surplus at beginning of year	$ 21,341,000	$ 27,612,000
Add		
Net income	2,990,000	2,118,000
Increase in shareholders' equity on purchase of subsidiaries' shares	100,000	21,000
Transfer from policy reserves due to actuarial base change		844,000
	24,431,000	30,595,000
Deduct		
Dividends	408,000	408,000
Transfer to general reserve for investments and contingencies		8,719,000
Income taxes, prior year	96,000	127,000
	504,000	9,254,000
Shareholders' equity in surplus at end of year	$ 23,927,000	$ 21,341,000

Notes to Consolidated Financial Statements DECEMBER 31, 1975

1. ACCOUNTING PRINCIPLES

The consolidated financial statements include the accounts of the following subsidiary companies:

E–L Investment Management Limited (wholly owned)
The Empire Life Insurance Company (96.63% owned)
The Dominion of Canada General Insurance Company (99.3% owned)
and its subsidiary company, The Casualty Company of Canada

The financial statements are prepared essentially in accordance with accounting practices prescribed, authorized or permitted by the regulations governing insurance companies for insurance company annual statements, except for modifications principally as to classification and format for the purpose of clarifying the interest of the holding company. However, in certain respects as indicated below in (a) to (d) they are not in conformity with generally accepted accounting principles applicable to companies engaged in other industries.

(a) Commissions and other acquisition costs relating to acquiring new business are charged to operations in the year incurred. Some allowance is made for amortizing part of these costs by use of the Canadian Modified method of computing actuarial policy reserves but this does not give full effect to the amortization of these costs over the term of the policies. The result is to penalize gain from operations in a period of business growth and to improve gain from operations in a period of decline.

(b) Agents' debit balances, office furniture and certain relatively minor other assets are excluded from the balance sheet.

(c) Life insurance and annuity reserves are computed on the basis of mortality and interest factors permissible by the respective regulations governing insurance companies and are in excess of those that could be computed on the basis of the companies' past experience.

(d) Twenty percent of the unearned general insurance premiums at the end of each year are included in income as an offset to the costs related to the acquisition of these premiums. This percentage is the maximum permitted by insurance regulations. Dominion's actual acquisition costs have been consistently in excess of this proportion of premium income. Accordingly, this statutory limitation tends to have an adverse effect on reported earnings in a period of premium growth and, conversely, a favourable effect in periods when premium income is declining.

Notes to Consolidated Financial Statements (continued) DECEMBER 31, 1975

2. VALUATION OF INVESTED ASSETS

The basis of valuation of invested assets other than the segregated investment fund is cost or amortized value, less amounts written off from time to time. The resulting book values after deducting the general reserve for investments and contingencies are in the aggregate less than values authorized by the Association of Superintendents of Insurance of the Provinces of Canada. The segregated investment fund is shown at quoted market value.

3. SEGREGATED INVESTMENT FUNDS

	1975	1974
Amount pertaining to staff pension fund	$1,169,000	$ 926,000
Policyholders' portion	8,375,000	6,381,000
Amount pertaining to shareholders' surplus including minority shareholders' portion $6,852 (1974 – $7,604)	300,000	253,000
	$9,844,000	$7,560,000

4. CAPITAL STOCK

	1975	1974
Authorized		
4,999,925 Preference shares, without par value, issuable in series		
10,000,000 Common Shares, without par value		
Issued		
597,471 Series A convertible preference shares	$1,773,000	$1,773,000
2,736,567 Common shares		

The Series A convertible preference shares are convertible into common shares on a share for share basis and are entitled when and if declared to a non-cumulative dividend of 50¢ per share per annum.

Share Purchase Warrants

531,478.5 Warrants to purchase 531,478.5 common shares of the company at $12 per share exercisable until December 22, 1978 are outstanding at December 31, 1975 and 1974.

5. SHAREHOLDERS' ACCOUNT

Under Empire Life's charter, shareholders are entitled to all profits from non-participating policies and that portion of profit on the participating policies equal to one-ninth of the amount paid to policyholders as dividends. For the years 1966 to 1975 an amount equal to one-ninth of the amount paid and provided for policy dividends on participating policies has been transferred from the participating policyholders' account to shareholders' account. A lesser amount was transferred in earlier years.

6. PROFIT ON SALE OF SECURITIES

	1975	1974
Shareholders' portion	$ 283,000	$2,794,000
Participating policyholders' portion	61,000	106,000
Minority interest	4,000	30,000
	$ 348,000	$2,930,000

The 1974 amounts for shareholders and minority interest are after deducting income taxes of $218,042 and $1,958 respectively.

7. INCOME TAXES

Dominion has been reassessed for income taxes for the years 1969 through 1972 in the amount of $470,000. Formal notices of objection to the reassessments have been filed.

No provision for this liability has been made in the financial statements as Dominion has raised additional matters with regard to these years on the application of income tax law which, if upheld, will more than offset the amount of the reassessment.

8. OTHER STATUTORY INFORMATION

	1975	1974
Remuneration of directors and senior officers of the company	$ 226,817	$ 219,414
Depreciation and amortization	92,000	96,038

9. CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Due to the nature of the companies' operations a consolidated statement of changes in financial position would not be considered meaningful and has, therefore, not been included.

10. ANTI-INFLATION ACT

The company and its subsidiaries are subject to the Anti-Inflation Act which provides, as from October 14, 1975 for the restraint of profit margins, prices, compensation and dividends. In the opinion of management, the provisions of this Act have no significant effect on the company's earnings for the year ended December 31, 1975.

Summary of Consolidated Results

(all figures expressed in thousands of dollars)

	1975	1974	1973	1972	1971
Premium Income	$ 88,314	$ 76,487	$ 67,732	$ 57,570	$ 52,409
Investment and Other Income	17,479	15,630	13,489	11,948	10,599
Total Revenues	105,793	92,117	81,221	69,518	63,008
Claims and Other Benefits to Policyholders	55,568	54,450	39,554	32,071	28,772
Increase in Policyholders' Reserves	16,140	13,435	15,160	12,354	12,664
Expenses (including agents' Commissions)	27,420	23,449	20,895	17,551	15,930
Taxes paid to Governments	3,257	1,839	2,566	3,032	2,585
Profits paid or allocated to Policyholders	701	(380)	135	621	862
Net Operating Profit	2,707	(676)	2,911	3,889	2,195
Net Realized gains on security transactions and other extraordinary items	283	2,794	1,367	463	309
Total Net Profit	$ 2,990	$ 2,118	$ 4,278	$ 4,352	$ 2,504
Net Income					
per share (net operating income)	.81	(.20)	.86	1.16	.66
Per share (including capital gains and extraordinary items)	.89	.63	1.28	1.31	.75
Assets					
Cash and Short Term Investments	$ 5,702	$ 5,440	$ 4,020	$ 3,767	$ 3,683
Bonds and Debentures	85,719	69,216	64,845	58,290	52,215
Preferred and Common Stocks	61,296	58,174	52,730	47,584	39,967
First Mortgages on Real Estate	86,564	87,070	78,657	71,544	69,352
Real Estate	5,916	5,953	5,575	5,623	5,723
Loans on Policies	12,120	11,412	9,622	9,151	9,053
Segregated Equity Funds	9,844	7,560	8,701	7,044	4,744
Other Assets	14,839	12,907	10,776	9,316	8,126
Total Assets	$282,000	$257,732	$234,926	$212,319	$192,863
Liabilities					
*Policy and Unearned Premium Reserves	$193,274	$175,185	$166,022	$150,927	$137,333
Reserve for Claims	36,417	30,407	23,209	19,877	18,407
Other Liabilities	10,034	11,859	7,815	6,974	6,215
Policyholders' Equity in Surplus	2,534	3,126	3,173	3,717	3,901
Total Liabilities	$242,259	$220,577	$200,219	$181,495	$165,856
Capital, Surplus and Investment Reserve	39,741	37,155	34,707	30,824	27,007
	$282,000	$257,732	$234,926	$212,319	$192,863

*including staff pension and segregated funds.

Summary of General Insurance Operations

(all figures expressed in thousands of dollars)

	1975	1974	1973	1972	1971
Net Premiums Written					
Automobile	$ 41,588	$ 32,540	$ 28,098	$ 24,838	$ 21,620
Casualty	8,357	7,230	5,770	5,199	4,419
Fire	8,375	7,421	6,225	5,652	5,025
Total Net Premiums Written	$ 58,320	$ 47,191	$ 40,093	$ 35,689	$ 31,064
Net Premiums Earned	$ 53,338	$ 45,282	$ 38,593	$ 33,554	$ 29,428
Claims Incurred	39,604	37,918	26,402	21,016	18,461
Operating Expenditures including Commissions and Premium Taxes	17,025	14,388	12,324	11,079	9,748
Underwriting Profit	$ (3,291)	$ (7,024)	$ (133)	$ 1,459	$ 1,219
Investment Income	3,880	3,420	2,706	2,329	1,992
Net Profit Before Taxes	$ 589	$ (3,604)	$ 2,573	$ 3,788	$ 3,211
Income Taxes (Recoverable)	—	(693)	390	1,017	906
Net Operating Profit	$ 589	$ (2,911)	$ 2,183	$ 2,771	$ 2,305
Claims Ratio (to net premiums earned)	% 74.3	% 83.7	% 68.4	% 62.6	% 62.7
Expense Ratio (to net premiums written)	29.2	30.5	30.7	31.0	31.4
	$ 103.5	% 114.2	% 99.1	% 93.6	% 94.1
Assets					
Cash and Short Term Investments	$ 3,477	$ 4,870	$ 2,886	$ 3,447	$ 3,029
Bonds and Debentures	33,505	24,443	20,935	16,924	15,046
Preferred and Common Stocks	31,961	30,738	27,541	25,039	21,764
First Mortgages	817	894	919	990	936
Real Estate	2,427	2,460	2,493	2,439	2,471
Amounts Receivable	10,981	9,593	8,048	6,989	6,119
	$ 83,168	$ 72,998	$ 62,822	$ 55,828	$ 49,365
Liabilities					
Unearned Premium Reserve	$ 24,792	$ 19,810	$ 17,901	$ 16,401	$ 14,267
Reserve for Claims	33,350	28,025	20,552	17,681	16,014
Other Liabilities	2,053	2,545	1,100	1,499	1,416
	$ 60,195	$ 50,380	$ 39,553	$ 35,581	$ 31,697
Capital, Surplus and Investment Reserve	22,973	22,618	23,269	20,247	17,668
	$ 83,168	$ 72,998	$ 62,822	$ 55,828	$ 49,365

Summary of Life Insurance Operations

(all figures expressed in thousands of dollars)

	1975	1974	1973	1972	1971
Net Premium Income	$ 29,994	$ 29,294	$ 27,639	$ 21,881	$ 21,322
Investment and Other Income	13,369	11,971	10,576	9,365	8,499
	$ 43,363	$ 41,265	$ 38,215	$ 31,246	$ 29,821
Benefits to Policyholders	$ 15,964	$ 16,530	$ 13,152	$ 10,541	$ 10,310
Increase in Policy Reserves	9,940	9,711	11,449	9,279	10,008
Expenses and Commissions	11,745	10,128	9,414	7,351	6,827
Taxes	1,750	1,305	1,171	1,002	927
Premiums to Segregated Funds	1,218	1,815	2,211	1,228	1,006
Profits allocated to Policyholders	642	(438)	80	733	837
Net Operating Profit	$ 2,104	$ 2,214	$ 738	$ 1,112	$ (94)
Assets					
Cash and Short Term Investments	$ 1,652	$ (2,697)	$ 159	$ (232)	$ 300
Bonds and Debentures	52,215	44,774	43,910	41,366	37,169
Preferred and Common Stocks	28,884	27,149	25,130	22,526	18,203
First Mortgages	85,746	86,176	77,738	70,554	68,415
Real Estate	3,489	3,494	3,082	3,184	3,252
Loans on Policies	12,120	11,411	9,622	9,151	9,053
Segregated Equity Funds	9,844	7,560	8,702	7,044	4,744
Other Assets	3,794	3,277	2,720	2,327	1,996
	$ 197,744	$ 181,144	$ 171,063	$ 155,920	$ 143,132
Liabilities					
Policy Reserves	$ 151,415	$ 141,476	$ 133,780	$ 122,362	$ 113,373
Amounts on deposit	5,044	4,513	4,255	3,595	3,042
Reserve for Claims	3,068	2,382	2,657	2,196	2,393
Staff Pension Fund	7,222	6,339	5,638	5,120	4,949
Segregated Equity Funds	9,844	7,560	8,702	7,044	4,744
Other Liabilities	2,218	1,439	1,572	1,452	1,365
Policyholders' Equity in surplus	2,534	3,126	3,173	4,150	4,302
	$ 181,345	$ 166,835	$ 159,777	$ 145,919	$ 134,168
Capital, Surplus and Investment Reserves	16,399	14,309	11,286	10,001	8,964
	$ 197,744	$ 181,144	$ 171,063	$ 155,920	$ 143,132
Net Interest Earned	% 7.41	% 7.17	% 6.89	% 6.75	% 6.58
Insurance in Force					
Individual Lives					
Whole Life and Endowment	$ 608,264	$ 540,596	$ 501,681	$ 465,209	$ 440,786
Term Insurance	484,006	429,673	393,681	365,436	339,305
Annuities	73,754	69,701	63,632	40,757	25,965
Health Insurance	3,748	3,563	3,520	3,718	4,104
"Equity" Insurance and Annuities	26,835	30,362	32,145	26,421	25,471
	$1,196,607	$1,073,895	$ 994,659	$ 901,541	$ 835,631
Group					
Life Insurance	$ 710,202	$ 602,213	$ 426,174	$ 343,653	$ 312,924
Annuities	151,423	166,226	130,497	79,069	60,211
Health Insurance	135,762	119,934	86,234	72,738	96,741
	$ 997,387	$ 888,373	$ 642,905	$ 495,460	$ 469,876
Total Insurance in Force	$2,193,994	$1,962,268	$1,637,564	$1,397,001	$1,305,507

NOTE – Volume figures for Life Insurance in Force are expressed net of reinsurance ceded.

THE EMPIRE LIFE INSURANCE COMPANY

NOTE: Officers in the Life Insurance Section of The Dominion of Canada General Insurance Company are designated "The Dominion".

Chairman of the Board
Henry N.R. Jackman

President (Managing Director, Life Insurance and Actuary, "The Dominion")
J.S.M. Wason F.F.A., F.C.I.A., A.S.A.

Vice-President and Secretary
E.W. Kaitting, F.L.M.I., F.E.A.A.

Vice-President, Computer Services
R. Baltruweit, F.L.M.I.

Vice-President, Group
G.D. De Ré, C.L.U.

Vice-President, Marketing (Senior Marketing Executive "The Dominion")
W.H. Merriam, C.L.U.

Vice-President, Individual Insurance
C.H. McElvaine, F.S.A., F.C.I.A.

Corporate Actuary (Assistant General Manager "The Dominion")
D.C. Townsend, F.S.A., F.C.I.A.

Executive Assistant & Associate Secretary
V.B. Reed, F.L.M.I.

Executive Assistant, Administration ("The Dominion")
A.L. Farley, F.L.M.I.

Mortgage Officer
J.M. McInnis, F.L.M.I.

Medical Officer
J.N. Chesebrough, M.D.

Purchasing Executive
E. Frost

Projects Officer
D.E. Schlichter, C.L.U.

Superintendent, Marketing
J.A.G. Litalien

Superintendent, Marketing
R.H. Dyck

Superintendent, Marketing
K.N. Ketchen, C.L.U.

Superintendent, Sales Training & Marketing Services
R.W. Taylor, C.L.U.

Associate Superintendent, Marketing
B. Greigson, F.I.I.C.

Associate Superintendent, Marketing
A. Lieberan

Branch Offices

Vancouver*
M.D. Stein

Vancouver Bayshore
R.M. Castner, C.L.U.

Vancouver Fairmont
D.E. Bennett

Edmonton
D.H. Johnson, C.L.U.

Calgary*
F.M. James, C.L.U.

Calgary North
D.A. Wight, C.L.U.

Calgary Chinook
D.E. Fox

Winnipeg Centre
R.H. Little

Winnipeg II
J.A. Ishmael

Windsor
G.R. Trussler

London
M.B. Maddigan, C.L.U.

Kitchener-Waterloo
G.A. Robbins, C.L.U.

Hamilton*
R. Reichertz

Hamilton
M.G. Flaherty, C.L.U.

St. Catharines
L.A. Wayne

Toronto*
C.F. Woodward, C.L.U.

Toronto Centre
J.E. McKenna

Toronto Don
R.G. Ness

Toronto West
A.W. Warll

Toronto East
L.G. Ayles

Toronto Bathurst
J.H. Green

Toronto Bayview
J.H. Mosoff

Direct Agencies* (Toronto)
B.A. Vaughan

Ontario Agencies* (Toronto)
K.A. Petty

Kingston (St. Lawrence)
C.J. Lawlor, C.L.U.

Ottawa*
G.M. Lennox, C.L.U.

Ottawa
D.G. Fairweather

Montreal*
G. de Puyjalon

Montreal West
G. Goguen

Montreal Centre
G.H. Laurendeau, C.L.U.

Montreal St. Laurent
G.E. Ouwendyk, C.L.U.

Montreal Cartier
R. Monette

Sherbrooke
G. Légaré

Trois-Rivières

Quebec City
J.M. Voyer, C.L.U.

Charlottetown
W.B. MacDonald

Group Offices

Vancouver,
J.B. Avent

Toronto
M.R. Coffey

Montreal
A. Vezina

Franchise Sales

Toronto
R. Rastrick

Estate Analysis

Kingston
C.E. Allen, C.L.U.

Montreal
J. Tardif

Trois-Rivières
J.J. DeSerres, C.L.U.

*Denotes life branch offices of The Dominion of Canada General Insurance Company.

THE DOMINION OF CANADA GENERAL INSURANCE COMPANY

Chairman of the Board
Peter S. Gooderham

Vice-Chairman of the Board
Henry N.R. Jackman

President and Managing Director
Kenneth G. Hutchison

General Manager and Secretary
F.G. Elliott, C.I.I.C.

Assistant General Manager
S.J. Davidson, F.I.I.C.

Manager, Accounting
F.H. Clement

Manager, Agency
A.R. Petrie, F.I.I.C.

Manager, Automobile
H.B. Barnes

Manager, Casualty
R.L. Sewell, F.I.I.C.

Manager, Claims
G.F. Connor

Manager, Data Processing
B.A. Edgar, F.I.I.C., F.L.M.I.

Manager, Fire
J.N. Hepburn

Investment Officer
B.E. Purvis

Manager, Personnel
G.J. Jackson, F.I.I.C.

Manager, Premises and Purchasing
L.H. Temple

Branch Offices

Alberta (Calgary)
G.P. Craw, F.I.I.C.

British Columbia (Vancouver)
J.H. Glavin, A.I.I.C.

Eastern Ontario (Ottawa)
D.A. Waugh, A.I.I.C.

Metropolitan Toronto
R.H. Lougheed

Mid-West (Thunder Bay)
R.N. Patton, A.I.I.C.

Quebec (Montreal)
W.J. Green, F.I.I.C.

Service Offices

Barrie
Central Ontario (Toronto)
Chatham
Cornwall
Hamilton
Kitchener
London
Owen Sound
St. Catharines
Windsor
Winnipeg

E–L INVESTMENT MANAGEMENT LIMITED

Chairman
H.R. Jackman, O.C., K.St.J., Q.C.

President
Henry N.R. Jackman

Vice-Presidents
A. George Dragone
D.J. Miano
T.A. Relyea

Secretary-Treasurer
L.R. Rooney

Printed in Canada